GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2876
ANSWERED ON:09.12.2002
INCREASING COST OF PRODUCTION
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether costs of agricultural production are increasing due to MNCs selling expensive and unreliable seeds to farmers;

(b) whether the hybrids and genetically engineered seeds need costly pesticides and herbicides adding to the costs of farming through royalty payments and technology fees;

(c) if so, the details thereof;

(d) whether the farmers are demanding higher MSP in agriculture i.e. equivalent to minimum wages in other sectors;

(e) if so, the reaction of the Government; and

(f) the steps taken by the Government to lower the costs of production?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (c): The cost of production of agricultural commodities depends on a large number of factors such as human labour, seeds, fertilizer, irrigation fee, insecticides, rental value of land etc. Increase in the cost of production is due to combined effects of prices of various inputs. Farmers tend to buy expensive seeds only if they expect commensurate benefits.

(d) to (f): The Minimum Support Prices (MSP) for agricultural commodities fixed by the Government have been increasing over the years. The MSPs take into account important factors like cost of production, changes in input prices, input-output price parity, terms of trade between agriculture and non-agriculture sectors. The cost of cultivation/cost of production is the most important factor in the fixation of MSPs, of which cost on account of human labour constitutes a large part. The increase in the Minimum Statutory wage rates for agricultural labour are duly taken into account in the fixation of MSPs. Further, Government implements various programmes and schemes to increase the production and productivity of agriculture, which, in turn will lower the cost of production.